

tributions to the prosperity of Texas in his work as a long-time member of the Railroad Commission of Texas; and

Whereas, This distinguished Texan has long been a leading figure in the Texas National Guard, in the American Legion and in the World Congress for Allied Veterans; and

Whereas, It is the desire of the Senate to recognize the patriotic and unselfish public service of Lieutenant-General Ernest O. Thompson and to extend congratulations to him upon the anniversary of his birth; now, therefore, be it

Resolved, By the Senate of Texas, That it does hereby recognize the outstanding service of General Thompson and congratulate him on this anniversary of his birth, and that a copy of this Resolution under the Seal of the Senate be forwarded to him by the Secretary of the Senate, with the deep respect and sincere appreciation of and for his many constructive contributions to his State and Country.

HARDEMAN  
HAZLEWOOD

The resolution was read and was adopted.

#### Welcome Resolutions

S. R. No. 294—By Senator Herring: Extending welcome to students of Jerry Joslin School of Austin and teacher.

S. R. No. 296—By Senator Spears: Extending welcome to students and teachers of Eisenhower Junior High School of San Antonio.

S. R. No. 297—By Senator Hall: Extending welcome to members of Future Nurses Club of Gainesville High School and sponsor.

#### Adjournment

On motion of Senator Calhoun the Senate at 11:35 o'clock a.m. adjourned until 10:30 o'clock a.m. on Monday, March 25, 1963.

#### FORTY-THIRD DAY

(Monday, March 25, 1963)

The Senate met at 10:30 a.m., pursuant to adjournment, and was called to order by the President.

The roll was called, and the following Senators were present:

Aikin	Krueger
Bates	Moffett
Blanchard	Moore
Calhoun	Owen
Cole	Parkhouse
Colson	Patman
Creighton	Ratliff
Crump	Reagan
Dies	Richter
Hall	Rogers
Hardeman	Schwartz
Harrington	Spears
Hazlewood	Strong
Herring	Watson
Kazen	Word
Kennard	

A quorum was announced present.

Reverend W. H. Townsend, Chaplain, offered the invocation.

On motion of Senator Aikin, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, March 21, 1963, was dispensed with and the Journal was approved.

#### Message from the House

Hall of the House of Representatives  
Austin, Texas,  
March 25, 1963.

Hon. Preston Smith, President of the Senate.

Sir: I am directed by the House to inform the Senate that the House has passed the following:

H. B. No. 16, A bill to be entitled "An Act amending Chapter II, Article 4; Chapter III, Article 4; Chapter III, Article 5; Chapter V, Article 4; Chapter IX, Article 3; and Chapter IX, Article 8 of the Texas Banking Code of 1943, same being Chapter 97, Acts of the 48th Legislature, Regular Session, 1943, and amending Chapter V of The Texas Banking Code of 1943, same being Chapter 97, Acts of the 48th Legislature, Regular Session, 1943, by adding a new article designated as Article 9a; providing for the appointment of bank examiners; for perpetual corporate existence for state banks; for the investigation of charter applications for the State Banking Board and payment of expenses thereof; for real estate loans, limitations and exceptions; authorizing bank stockholders and employees to take acknowledgments of instruments in which the bank is interested; defining 'banking house'; providing for equal application of state

law to state and national banks; providing for severability; providing that all laws or parts of laws, including specifically the provisions of Chapter 24, Article I, Section 1, Acts of the 57th Legislature, 1st Called Session, 1961, and the provisions of Chapter 1, Section 1, Acts of the 56th Legislature, 3rd Called Session, 1959, as amended, which are in conflict with this Act are repealed or modified to the extent of such conflict only; and declaring an emergency."

H. B. No. 57, A bill to be entitled "An Act amending Article 14.06, Title 122A of Vernon's Revised Civil Statutes of the State of Texas, so as to provide an exemption of property passing to or for the use of any religious, educational, or charitable organization, if the laws of the jurisdiction under which such organization is organized or is operating provide an exemption from death tax of any character with respect to property passing (1) to or for the use of any such organization, or (2) to or for the use of any such organization organized or operating within the State of Texas, or (3) to or for the use of any such organization organized or operating within any other jurisdiction which grants a reciprocal exemption; providing a severability clause; and declaring an emergency."

H. B. No. 377, A bill to be entitled "An Act relating to the creation, administration and financing of a hospital district whose boundaries are coterminous with the boundaries of county commissioners precincts number one and two of Jasper County; and declaring an emergency."

The House has concurred in Senate amendments to House Bill No. 290 by vote of 137 ayes, 0 noes.

The House has concurred in Senate amendments to House Bill No. 59 by vote of 133 ayes, 0 noes.

Respectfully submitted,

DOROTHY HALLMAN,  
Chief Clerk, House of Representatives

#### Senate Resolution 304

Senator Herring offered the following resolution:

Whereas, Our good friend of the Capitol Press, Bill Gardner, has recently been elevated to the position

of Managing Editor of The Houston Post, having been with the Capitol Bureau of The Post for the past thirteen years and Bureau Chief for the last six years; and

Whereas, His talents as a respected and thoroughly competent newspaperman will be greatly missed in the halls of the Legislature; and

Whereas, His reporting of Capitol affairs has always been factual, impartial and analytical, and his background as a political writer lead to his authoring a book, The Texas Citizen, which is a valuable guide to State government and its agencies; and

Whereas, Bill's outstanding contribution to State government through his many fine articles is generally recognized not only by members of the Legislature but by his colleagues of the press as well; and

Whereas, It is the desire of the Senate of the Fifty-Eighth Legislature of the State of Texas to express their pleasure at his promotion and at the same time their regret that he is leaving; now therefore be it

Resolved, That the Senate does hereby extend congratulations and best wishes to Bill Gardner, his charming wife and three children; and be it further

Resolved, That copies of this Resolution be forwarded under the Seal of the Senate to Bill Gardner, members of his family, and to The Houston Post as a token of esteem of every member of the Senate of Texas.

HERRING

Signed—Preston Smith, Lieutenant Governor; Aikin, Bates, Blanchard, Calhoun, Cole, Colson, Creighton, Crump, Dies, Hall, Hardeman, Harrington, Hazlewood, Kazen, Kennard, Krueger, Moffett, Moore, Owen, Parkhouse, Patman, Ratliff, Reagan, Richter, Rogers, Schwartz, Spears, Strong, Watson, Word.

The resolution was read.

On motion of Senators Cole and Colson and by unanimous consent the names of the Lieutenant Governor and Senators were added to the resolution as signers thereof.

The resolution was then adopted.

#### Senate Bill 435 on First Reading

Senator Parkhouse moved that Senate Rule 114 and Section 5 of Ar-

ticle III of the State Constitution be suspended to permit his introducing at this time, a bill, the provisions of which he explained.

The motion prevailed by the following vote:

Yeas—31

Aikin	Krueger
Bates	Moffett
Blanchard	Moore
Calhoun	Owen
Cole	Parkhouse
Colson	Patman
Creighton	Ratliff
Crump	Reagan
Dies	Richter
Hall	Rogers
Hardeman	Schwartz
Harrington	Spears
Hazlewood	Strong
Herring	Watson
Kazen	Word
Kennard	

The following bill was then introduced, read first time and referred to the committee indicated:

By Senator Parkhouse:

S. B. No. 435, A bill to be entitled "An Act relating to sexual psychopaths, defining the term "sexual psychopath," providing that this Act shall not apply to any person sentenced to death, defining the term "convicted" for the purposes of this Act; providing that a person convicted of a felony in a case where evidence shows probable cause to believe such person is a sexual psychopath that such person be certified for hearing and examination; providing that a person convicted of a misdemeanor offense and evidence shows probable cause to believe such person is a sexual psychopath that such person be certified for hearing and examination by a District Court; providing that District Court shall issue subpoena or warrant of arrest for such person to require such person to appear in Court and be informed of the nature of the accusation made against him; providing for waiver of further hearing and order for ninety (90) day diagnosis and observation; providing for medical examination and limiting use of medical reports; providing for jury trial and waiver of jury trial; providing that a person found to be a sexual psychopath be placed in State institution until superintendent certifies he believes person no longer sexual psycho-

path; providing that upon certificate of superintendent person be returned to District Court; providing, where waiver filed and person accepted ninety (90) day commitment, superintendent shall file report and return person to District Court; providing if superintendent determines person is sexual psychopath that District Court shall cause hearing to be held in accordance with the provisions of this Act, providing for release of said person upon certificate of superintendent, provided, the maximum time imposed has expired, or if same has not expired, then in that event said person shall serve the remaining portion of the sentence imposed, providing that all costs and expenses incurred shall be paid out of the general fund of the County where proceedings are had, providing for a savings clause and declaring an emergency."

To the Committee on Jurisprudence.

#### Senate Bill 436 on First Reading

Senator Parkhouse moved that Senate Rule 114 and Section 5 of Article III of the State Constitution be suspended to permit his introducing at this time, a bill, the provisions of which he explained.

The motion prevailed by the following vote:

Yeas—31

Aikin	Krueger
Bates	Moffett
Blanchard	Moore
Calhoun	Owen
Cole	Parkhouse
Colson	Patman
Creighton	Ratliff
Crump	Reagan
Dies	Richter
Hall	Rogers
Hardeman	Schwartz
Harrington	Spears
Hazlewood	Strong
Herring	Watson
Kazen	Word
Kennard	

The following bill was then introduced, read first time and referred to the committee indicated:

By Senator Parkhouse:

S. B. No. 436, A bill to be entitled "An Act amending Chapter 14 of Title 122A, Taxation-General, Revised Civil Statutes of Texas, 1925, by adding thereto a new article relating to cer-

tax applicable to certain nonresidents; tain exemptions from the inheritance defining the applicability of the Act; and declaring an emergency."

To the Committee on State Affairs.

#### Bill and Resolutions Signed

The President signed in the presence of the Senate after the caption had been read, the following enrolled bill and resolutions.

S. B. No. 158, A bill to be entitled "An Act to require that in all counties having a population of not less than 36,799 and not more than 38,500, according to the last preceding federal census, no change shall be made in the territory of any independent school district therein having more than 500 scholastics, unless such change be consented to by the Board of Trustees of the district from which the territory is sought to be detached; prescribing the method of evidencing the consent of such district; and declaring an emergency."

S. C. R. No. 37, Expressing appreciation to the Congress and the President of the United States for the capital gains tax treatment of timber under the Internal Revenue Code and requesting retention of the same.

S. C. R. No. 41, Memorializing the Congress and the President of the United States asking them to put the lumber industry of the United States on an equitable basis with foreign industry.

#### Senate Bill 437 on First Reading

By unanimous consent the following bill was introduced, read first time and referred to the committee indicated:

By Senator Harrington:

S. B. No. 437, A bill to be entitled "An Act amending Chapter 372, Acts of the 57th Legislature, Regular Session, compiled as Article 3222b, Vernon's Annotated Civil Statutes, and declaring an emergency."

To the Committee on Counties, Cities and Towns.

#### Senate Bill 438 on First Reading

Senator Blanchard moved that Senate Rule 114 and Section 5 of Article III of the State Constitution be suspended to permit his introducing at this time, a bill, the provisions of which he explained.

The motion prevailed by the following vote:

Yeas—30

Aikin	Kennard
Bates	Krueger
Blanchard	Moffett
Calhoun	Owen
Cole	Parkhouse
Colson	Patman
Creighton	Ratliff
Crump	Reagan
Dies	Richter
Hall	Rogers
Hardeman	Schwartz
Harrington	Spears
Hazlewood	Strong
Herring	Watson
Kazen	Word

Nays—1

Moore

The following bill was then introduced, read first time and referred to the committee indicated:

By Senator Blanchard:

S. B. No. 438, A bill to be entitled "An Act providing for organizing and establishing a School of Veterinary Medicine at the Texas Technological College at Lubbock to provide instruction and offer degrees in the profession of veterinary medicine; directing the Board of Directors of Texas Technological College to establish such school within the limits of legislative appropriations and giving to the Board power to receive such funds or properties as shall be subscribed or loaned or bequeathed for the organization or maintenance of such school; prescribing duties and authority of the Board of Directors of Texas Technological College with respect to such School of Veterinary Medicine; and declaring an emergency."

To the Committee on Education.

#### Reports of Standing Committees

Senator Crump submitted the following reports:

Austin, Texas,  
March 21, 1963.

Hon. Preston Smith, President of the Senate.

Sir: We, your Committee on Education, to whom was referred S. B. No. 361, have had the same under consideration, and we are instructed to report it back to the Senate with

the recommendation that it do pass and be printed.

CRUMP, Chairman.

Austin, Texas,  
March 21, 1963.

Hon. Preston Smith, President of the Senate.

Sir: We, your Committee on Education, to whom was referred S. B. No. 347, have had the same under consideration, and we are instructed to report it back to the Senate with the recommendation that it do pass and be printed.

CRUMP, Chairman.

Austin, Texas,  
March 21, 1963.

Hon. Preston Smith, President of the Senate.

Sir: We, your Committee on Education, to whom was referred S. B. No. 305, have had the same under consideration, and we are instructed to report it back to the Senate with the recommendation that it do pass and be printed.

CRUMP, Chairman.

Austin, Texas,  
March 21, 1963.

Hon. Preston Smith, President of the Senate.

Sir: We, your Committee on Education, to whom was referred H. B. No. 1, have had the same under consideration, and we are instructed to report it back to the Senate with the recommendation that it do pass and be printed.

CRUMP, Chairman.

Senator Colson submitted the following report:

Austin, Texas,  
March 25, 1963.

Hon. Preston Smith, President of the Senate.

Sir: We your Committee on Public Health, to which was referred S. B. No. 262, have had the same under consideration, and I am instructed to report it back to the Senate with the recommendation that it do pass as amended and be printed.

COLSON, Chairman.

Senator Rogers submitted the following reports:

Austin, Texas,  
March 25, 1963.

Hon. Preston Smith, President of the Senate.

Sir: We, your Committee on Constitutional Amendments, to whom was referred S. J. R. No. 27, have had the same under consideration, and we are instructed to report it back to the Senate with the recommendation that it do pass and be printed.

ROGERS, Chairman.

Austin, Texas,  
March 25, 1963.

Hon. Preston Smith, President of the Senate.

Sir: We, your Committee on Constitutional Amendments, to whom was referred H. C. R. No. 22, have had the same under consideration, and we are instructed to report it back to the Senate with the recommendation that it do pass and be printed.

ROGERS, Chairman.

Austin, Texas,  
March 25, 1963.

Hon. Preston Smith, President of the Senate.

Sir: We, your Committee on Constitutional Amendments, to whom was referred S. J. R. No. 26, have had the same under consideration, and we are instructed to report it back to the Senate with the recommendation that it do pass and be printed.

ROGERS, Chairman.

#### House Bills on First Reading

The following bills received from the House, were read the first time and referred to the committees indicated:

H. B. No. 16, To the Committee on Banking.

H. B. No. 57, To the Committee on State Affairs.

H. B. No. 377, To the Committee on Counties, Cities and Towns.

#### Committee Substitute Senate Bill 15 on Second Reading

The President laid before the Senate as special order on its second reading and passage to engrossment the following bill:

C. S. S. B. No. 15, A bill to be entitled "An Act to classify loans and lenders and provide for their regulation; stating legislative intent; providing for the licensing and regulation of lenders; providing penalties

for failure to obtain license including fine and imprisonment and loss of all principal and interest; defining interest and fixing the maximum rate of interest on loans with cash advance of \$3000 or less; defining terms; prescribing and defining unlawful acts; providing for and defining licensing; defining duties, powers and authority of licensees; creating the offices of Regulatory Loan Commissioner and providing for appointment by the Finance Commission; defining duties, powers and authority of Regulatory Loan Commissioner as administrator of the Act, including the appointment, bonding and removal of deputy commissioner, examiners and employees and the prescribing of their duties; providing for compensation of commissioner, deputy commissioner, examiners and employees, disposition of fees and revenue; providing for reports to Governor and Legislature; providing for nonliability for official acts and defense by the Attorney General; providing for short title of act; providing for exemptions; providing for investigation of applicant for license; providing for the issuance or denial of license; fixing annual license fees; providing for examination fees; fixing minimum assets of licensees; requiring separate licenses for each place of business and for amendment of license upon removal of place of business; providing that residence of borrower shall not affect validity of loan; providing for the revocation, temporary suspension, surrender and reinstatement of licenses and for appeals; providing for examination of licensees; providing for the power of subpoena or other process on investigations and hearings by the commissioner; providing for cease and desist orders and injunctions; providing for the keeping of books and records and their availability to the commissioner; providing for annual reports; giving the commissioner authority and power to make regulations and orders interpreting, applying or explaining this act; providing for certified copies of instruments and documents upon payment of costs therefor; prohibiting advertising by licensee which is false, misleading or deceptive with reference to rates, terms or conditions of loans; providing for the conduct of other businesses in the same office as licensee; fixing maximum interest rate for default and extension and re-

lating them to maximum rate of interest permitted; prohibiting any other charges except those permitted; providing for refunds in the event of prepayment in full before maturity and the method of calculating refunds; providing for the requirements for the making and paying of loans; prohibiting the splitting of loans; prohibiting the confession of judgments and incomplete instruments; prohibiting the taking of liens on real estate as security for loans except as created by law through the rendition or recording of a judgment; providing for the taking of chattel mortgages and requiring the joinder of the spouse in the case of married persons; permitting insurance to be required by licensee in connection with loans and defining the types and amounts of insurance; requiring the delivery of policy or certificate of insurance to the borrower; providing for the deduction of premiums or identifiable charge from the proceeds of the loan; providing for additional loans by licensee to the same borrower; but prohibiting interest greater than would be permitted if not a licensee under this Act; providing that wage purchases be deemed loans; providing for enforcement of loans made elsewhere enforceable in accordance with the laws of state where made; providing for the right of appeal to a district court of Travis County and trial de novo as that term is used in appealing from the Justice of the Peace Court to the county court on appeal from any order or regulation of the commissioner; providing for the disposition of fees and revenues, providing that pre-existing contracts shall not be impaired or affected; providing for the amendment of Chapter 144, Acts of the 48th Legislature, Regular Session, 1943, compiled as Article 4646(b), Revised Civil Statutes of Texas, 1925, and Article 5069, Revised Civil Statutes of Texas, 1925, and Article 5071, Revised Civil Statutes of Texas, 1925, and Article 5073, Revised Civil Statutes of Texas, 1925; repealing of laws in conflict herewith to the extent of such conflict; carrying into effect the amendment to Article XVI, Sec. 11, of the Constitution adopted November 8, 1960; providing for penalties; providing for severability; and declaring an emergency."

The bill was read the second time.

Question—Shall C. S. S. B. No. 15 be passed to engrossment?

### Recess

On motion of Senator Aikin the Senate at 11:59 o'clock a.m. took recess until 2:00 o'clock p.m. today.

### After Recess

The President called the Senate to order at 2:00 o'clock p.m. today.

### Message from the House

Hall of the House of Representatives  
Austin, Texas,  
March 25, 1963.

Hon Preston Smith, President of the Senate.

Sir: I am directed by the House to inform the Senate that the House has passed the following:

H. B. No. 13, A bill to be entitled "An Act establishing the extraterritorial jurisdiction of cities and towns, authorizing the exercise of certain powers by cities and towns in such extraterritorial jurisdiction, and regulation annexation by cities and towns both within and without such extraterritorial jurisdiction; invalidation certain annexation; providing for the disannexation of certain areas annexed by cities and towns after the effective date of this Act under certain conditions; providing cities and towns having conflicting claims over annexed territory may seek a declaration of lawful jurisdiction over same under the Uniform Declaratory Judgments Act, amending Subdivision 2 of Article 1175, Revised Civil Statutes of Texas, 1925; providing that the provisions of this Act shall be cumulative of all laws and parts of laws relating to this subject; providing for severability; providing for exclusion of annexations in litigation; and declaring an emergency."

H. B. No. 690, A bill to be entitled "An Act amending Section 1 and Section 2 of Chapter 169, Acts of the Forty-ninth Legislature, 1945, removing the general jurisdiction of eminent domain from the County Court of Titus County; transferring the general jurisdiction of eminent domain to the district court having jurisdiction in Titus County; and declaring an emergency."

Respectfully submitted,

DOROTHY HALLMAN,  
Chief Clerk House of Representatives

### Messages from the Governor

The following messages received from the Governor were read and were referred to the Committee on Nominations:

Austin, Texas,  
March 21, 1963.

To the Senate of the Fifty-Eighth Legislature:

I ask the advice, consent and confirmation of the Senate with respect to the following appointment:

To be District Attorney of the Forty-Second Judicial District of Texas, effective April 1, 1963, to fill the unexpired term of Nelson Quinn, resigning effective April 1, 1963, term to expire December 31, 1964: Bradley C. Miles of Abilene, Taylor County.

Respectfully submitted,

JOHN CONNALLY,  
Governor of Texas.

Austin, Texas,  
March 22, 1963.

To the Senate of the Fifty-eighth Legislature:

I ask the advice, consent and confirmation of the Senate with respect to the following appointments:

To be members of the Board of Regents of Texas Woman's University for six-year terms to expire January 10, 1969: Mrs. John Hazlewood of Amarillo, Potter County; Mrs. Jack T. Bowman of San Antonio, Bexar County.

To be a member of the Board of Regents of the University of Texas for a six-year term to expire January 10, 1969: Frank C. Erwin, Jr., of Austin, Travis County.

To be members of the Board of Directors of Texas Southern University for six-year terms to expire February 1, 1969: Dr. Joseph Alvin Chatman of Lubbock, Lubbock County; Reverend Marvin Griffin of Waco, McLennan County; Joseph A. Scott, Jr., of San Antonio, Bexar County.

To be members of the Texas Board of Corrections for six-year terms to expire February 2, 1969: James Marvin Windham of Livingston, Polk County; Jack Vaughn of Dallas, Dallas County; Reverend C. A. Holliday of Fort Worth, Tarrant County.

To be a member of the State High-

way Commission for a six-year term to expire February 15, 1969: Jack H. Kultgen of Waco, McLennan County.

To be members of the Board of Directors of Texas Technological College for six-year terms to expire February 19, 1969: Harold Hinn of Dallas, Dallas County; Roy Furr of Lubbock, Lubbock County; Herbert Allen of Houston, Harris County.

Respectfully submitted,  
JOHN CONNALLY,  
Governor of Texas.

#### Committee to Select Poet Laureate of State

The President announced that pursuant to the provisions of S. C. R. No. 16 the appointment of the following as a Committee of the Senate to select the Poet Laureate of the State: Senators Herring and Word.

#### Bills Signed

The President signed in the presence of the Senate after the caption had been read, the following enrolled bills:

H. B. No. 45, A bill to be entitled "An Act amending Section (a) and repealing the first paragraph of Section (b) of Article 6686 of the Revised Civil Statutes of Texas, 1925, as amended, relating to dealer's and manufacturer's license plates for their unregistered motor vehicles, motorcycles, house trailers, trailers, or semi-trailers; defining the terms 'dealer' and 'manufacturer'; limiting the use of manufacturer's test plates to new vehicles; providing for dealers to issue dated cardboard tags to buyers; etc.; and declaring an emergency."

H. B. No. 55, A bill to be entitled "An Act amending Chapter 12, Acts of the 53rd Legislature, Regular Session, 1953, as amended (compiled as Article 3886h of Vernon's Texas Civil Statutes), so that in the thirty-fourth Judicial District of Texas the maximum salary of the District Attorney shall be fixed at not to exceed Fourteen Thousand (\$14,000) Dollars, and the maximum salary of the Assistants and Investigators shall not exceed Eleven Thousand (\$11,000) Dollars for the First Assistant District Attorney and Eighty-five Hundred (\$8,500) Dollars for other Assistant

District Attorneys and Investigators in said District; containing a severability clause; and declaring an emergency."

H. B. No. 62, A bill to be entitled "An Act amending Paragraph (i) of Section 1 of Chapter 314, Acts of the 41st Legislature, Regular Session, 1941, as amended, compiled as Section 1 of Article 911b, Vernon's Texas Civil Statutes, so as to exclude certain wrecker vehicles from the term 'specialized carrier'; repealing all laws in conflict; providing for a severability; and declaring an emergency."

H. B. No. 95, A bill to be entitled "An Act fixing the salaries to be paid certain officials in certain counties; repealing all laws in conflict therewith; and declaring an emergency."

H. B. No. 207, A bill to be entitled "An Act amending Acts 1923, 38th Legislature, 2nd Called Session, Chapter 47, page 101, codified as Article 1440, Vernon's Annotated Civil Statutes, and also codified as Article 1054, Vernon's Annotated Penal Code, and declaring an emergency."

H. B. No. 238, A bill to be entitled "An Act making it unlawful to hunt, take, or kill wild fox in Shelby County with certain exceptions; repealing all laws in conflict; and declaring an emergency."

H. B. No. 271, A bill to be entitled "An Act creating a special court for Taylor County, Texas, to be known as the Taylor County Court of Domestic Relations, etc., and declaring an emergency."

H. B. No. 295, A bill to be entitled "An Act authorizing creation of a county-wide hospital district in Stonewall County, to be known as the Stonewall County Hospital District; etc., and declaring an emergency."

H. B. No. 333, A bill to be entitled "An Act amending paragraphs (6), Section 3, of Chapter 154, Acts of the Fifty-Second Legislature, Regular Session, 1951 (codified as Article 4590e, Vernon's Annotated Civil Statutes of Texas, known as the Healing Arts Identification Act), to provide the identification which shall be used by persons licensed to practice the healing art by the State Board of Chiropody Examiners; providing that this Act shall not invali-



date or affect any outstanding license; providing that the unconstitutionality of any part of this Act shall not affect the validity of the remainder of the Act; providing for the repeal of any conflicting laws; and declaring an emergency."

H. B. No. 334, A bill to be entitled "An Act amending Article 4570, Chapter 11, Title 71, of the Revised Civil Statutes of Texas, 1925, as amended by Section 3 of Chapter 5, Title: Public Health, page 368, Acts of the Forty-sixth Legislature, Regular Session, 1939, and Section 3 of Chapter 132, Acts of the Fifty-second Legislature, Regular Session, 1951, to provide the qualifications for eligibility to take examinations for license to practice chiropody in the State of Texas; etc., and declaring an emergency."

H. B. No. 351, A bill to be entitled "An Act changing the name of the South Texas Medical School created by Chapter 129, page 219, Acts, 56th Legislature, 1959, Regular Session (Art. 2606c, V.C.S.), to 'The University of Texas South Texas Medical School'; etc., and declaring an emergency."

#### House Bills on First Reading

The following bills received from the House, were read the first time and referred to the Committees indicated:

H. B. No. 690, To the Committee on Counties, Cities and Towns.

H. B. No. 13, To the Committee on Counties, Cities and Towns.

#### Committee Substitute Senate Bill 15 on Second Reading

The Senate resumed the consideration of the pending business, same being C. S. S. B. No. 15 on its second reading and passage to engrossment (the bill having been read the second time this morning).

Question—Shall C. S. S. B. No. 15 be passed to engrossment?

Senator Cole offered the following amendment to the bill:

Amend Committee Substitute for S. B. No. 15 by striking therefrom all of Section 17 and substituting in lieu thereof the following:

#### Section 17(a). Maximum Rates of Interest.

(a) Every licensee may make loans with cash advances not exceeding Two Thousand Dollars (\$2,000) under a loan contract which requires the total of the cash advance and interest authorized by Section 17 (a) (1), to be repaid in consecutive monthly installments which shall be substantially equal in amount, and the maximum rate of interest which the licensee may charge, contract for, collect and receive shall not be in excess of the following:

(1) Nineteen Dollars (\$19) per One Hundred Dollars (\$100) per annum on that part of the cash advance not in excess of Three Hundred Dollars (\$300); Fifteen Dollars (\$15) per One Hundred Dollars (\$100) per annum on that part of the cash advance in excess of Three Hundred Dollars (\$300) but not in excess of Five Hundred Dollars (\$500); Nine Dollars (\$9) per One Hundred Dollars (\$100) per annum on that part of the cash advance in excess of Five Hundred Dollars (\$500) but not in excess of One Thousand Dollars (\$1,000); Seven Dollars (\$7) per One Hundred Dollars (\$100) per annum on any part of the cash advance in excess of One Thousand Dollars (\$1,000) but not in excess of Fifteen Hundred Dollars (\$1,500); and Five Dollars (\$5) per One Hundred Dollars (\$100) per annum on any part of the cash advance in excess of Fifteen Hundred Dollars (\$1,500) but not in excess of Two Thousand Dollars (\$2,000).

(2) Interest authorized in Section 17 (a) (1) shall be computed at the time the loan is made for the full term of the loan contract notwithstanding the requirement of the loan contract for payment in substantially equal and consecutive monthly installments and shall be computed on the basis of a full month for any fractional period in excess of fifteen (15) days. Interest authorized by Section 17 (a) (1) shall be added to the cash advance and said sum shall be the amount of the loan.

(3) Notwithstanding the requirement of consecutive monthly installments, substantially equal in amount, loans may be made under loan contracts which require repayment in irregular or unequal installment payments and the interest thereon may be in an amount computed in advance on a basis which provides

the same interest yield in relation to the balances of the cash advance scheduled to be outstanding from time to time under the loan contract, as is permitted under Section 17 (a) (1), having due regard for the schedule of payments.

(4) Notwithstanding the requirement of consecutive monthly installments, substantially equal in amount, a licensee and borrower may agree the first installment date may exceed one (1) month by not more than fifteen (15) days and the amount of such installment may be increased by one-thirtieth (1/30) of the amount of interest which would be applicable to a first installment period of one (1) month, for each extra day, but such interest shall be excluded in computing the additional interest for deferment and shall not be subject to refund.

(5) Additional interest for default, if contracted for, may equal but shall not exceed Three Cents (3c) for each One Dollar (\$1) of any scheduled installment when one-half or more of such installment continues unpaid for seven (7) days or more following the date such payment is due, including Sundays and holidays. Interest for such default shall not be collected more than once on the same installment.

(6) If the payment date of each wholly unpaid installment, on which no interest for default has been collected is deferred as of an installment date for one (1) or more full months and the maturity of the contract is extended for a corresponding period of time, the licensee may charge and collect additional interest for such deferment for each full month the maturity of the loan contract is extended. The interest for such deferment for each full month may be equal to the difference between the refund which would be required for prepayment in full as of the date of deferment and the refund which would be required for prepayment in full as one (1) month prior to such date. The portion of the interest contracted for under Section 17 (a) (1) applicable to each deferred balance and installment period following a deferment period shall remain the same as that applicable to such balance and period under the original contract of loan. If a loan is prepaid in full during the deferment period defined below, the borrower shall receive, in

addition to the refund required under Section 17 (a) (8), a refund of that portion of the interest for deferment applicable to any unexpired full month or months of such period. The deferment period is that period beginning with the day following the due date of the scheduled installment preceding the first installment being deferred, and during which no payment is made or required by reason of such deferment. The interest for default or deferment may be collected at the time of default or deferment, or at any time thereafter.

(7) When any loan contract is prepaid in full by cash, a new loan, renewal, or otherwise, after the first installment due date but before the final installment due date, the licensee shall refund or credit the borrower with an amount which shall be as great a proportion of the total charges contracted for under Section 17 (a)-(1) as the sum of the periodic balances scheduled to follow the installment date nearest the date of prepayment in full bears to the sum of all periodic time balances under the schedule of payments set out in the loan contract. If such prepayment in full occurs before the first installment due date the licensee shall retain for each elapsed day from date the loan was made, one-thirtieth (1/30) of the portion of the interest which could be retained if the first installment period were one (1) month and the loan were prepaid in full on the first installment period due date and the interest contracted for under Section 17 (a)(1) in excess of such amount shall be refunded or credited to the borrower. No refund shall be required for partial prepayments and no refunds of less than One Dollar (\$1) need be made.

(b) No licensee shall induce or permit any person, or husband and wife, to be obligated, directly or indirectly, under more than one (1) loan contract under this act at the same time for the purpose, or with the effect of obtaining a higher authorized charge than would otherwise be permitted by this act; but such limitation shall not apply to the acquisition by purchase of bona fide obligations of the borrower incurred for goods or services, and provided further, if a licensee purchases all or substantially all the loan contracts of another licensee hereunder and has at the time of purchase loan contracts with one (1) or more of the borrowers whose

loans are purchased, the purchaser shall be entitled to collect principal and authorized charges thereon according to the terms of each loan contract.

(c) In addition to the authorized charges provided in this act no further or other charge or amount whatsoever shall be directly, or indirectly, charged, contracted for, or received. This includes (but is not limited by) all charges such as fees, compensation, bonuses, commissions, brokerage, discounts, expenses and every other charge of any nature whatsoever, whether of the types listed herein or not. Without limitation of the foregoing, such charges may be any form of costs or compensation whether contracted for or not, received by the licensee, or any other person, in connection with (1) the investigating, arranging, negotiation, procuring, guaranteeing, making, servicing, collecting or enforcing of a loan; or (2) for the forbearance of money, credit, good or things in action; or (3) for any other service or services performed or offered. However, the prohibition set out herein shall not apply to amounts actually incurred by a licensee as court costs; attorney fees assessed by a court; lawful fees for filing, record, or releasing to any public office any instrument securing a loan; the reasonable cost actually expended for repossessing, storing, or selling any security; or fees for noting a lien on or transferring a certificate of title to any motor vehicle offered as security for a loan made under this act, or premiums received in connection with the sale of insurance authorized under Section 18 of this act.

(d) If any amount in excess of the authorized charges permitted by this act is charged, contracted for, or received, except as the result of an accidental and bona fide error of computation, the contract of loan shall be void as against public policy, and the licensee shall have no right to collect or receive any principal, authorized charges or recompense whatsoever, and the licensee and the several members, officers, directors, agents and employees thereof who shall have violated or participated in such violation shall be guilty of a misdemeanor and upon conviction thereof shall be punishable by a fine of not more than One Thousand Dollars (\$1,000) and not less than One Hun-

dred Dollars (\$100) or by confinement in the county jail for not more than six (6) months, or by both such fine and confinement.

COLE  
SPEARS

The amendment was read.

Senator Patman offered the following amendment to the pending amendment by Senator Cole:

Amend the pending amendment to S. B. 15 in Section 17 (a)(7)(d) by adding the following words to Section 17 (a)(7)(d):

"Any person shall have the right, in addition to any other action allowed by law, to bring an action in the county of his residence against any licensee or other party covered by this Act for charges not permitted under this Act, yet charged against such person, and if such person be awarded any damages as a result of such action, such person shall be entitled to recover reasonable attorney's fees in addition to such damages.

The amendment to the pending amendment by Senator Cole was read and was adopted.

Senator Creighton offered the following substitute for the pending amendment by Senator Cole as amended:

Amend the committee substitute for Senate Bill No. 15 by striking out sub-sub-sections (1) and (2) of sub-section (a) of Section 17, on page 11, and substituting in lieu thereof the following; and renumbering the succeeding sub-sub-sections accordingly:

(a) Every licensee may contract for and receive on any loan of money not exceeding Two Hundred Dollars (\$200.00) the following maximum authorized charges:

(1) Three per cent (3%) or One Dollar and Fifty Cents (\$1.50) per month whichever is greater on the unpaid balance on loans up to, including, but not greater than Two Hundred Dollars (\$200).

(2) Any installment loan contract entered into under the provisions of this Act may be paid off in full at any time by the borrower and no charges or penalties may be made against said borrower for any interest not yet accrued under the provisions of this Act.

(3) No licensess shall induce or per-

mit any person, or husband and wife, to be obligated, directly or indirectly, under more than one (1) loan contract under this Act at the same time for the purpose, or with the effect, of obtaining a higher authorized charge than would otherwise be permitted by this Act; but such limitation shall not apply to the acquisition by purchase of bona fide obligations of the borrower incurred for goods or services, and provided further, if a licensee purchases all or substantially all the loan contracts of another licensee hereunder and has at the time of purchase loan contracts with one (1) or more of the borrowers whose loans are purchased, the purchaser shall be entitled to collect principal and authorized charges thereon according to the terms of each loan contract.

(4) In addition to the authorized charges provided in this Act no further or other charge or amount whatsoever shall be directly, or indirectly, charged, contracted for, or received. This includes (but is not limited by) all charges such as fees, insurance premiums or charges, compensation, bonuses, commissions, brokerage, discounts, expenses and every other charge of any nature whatsoever, whether of the types listed herein or not. Without limitation of the foregoing, such charges may be any form of costs or compensation whether contracted for or not, received by the licensee, or any other person, in connection with (1) the investigating, arranging, negotiating, procuring, guaranteeing, making, servicing, collecting or enforcing of a loan; or (2) for the forbearance of money, credit, goods or things in action; or (3) for any other service or services performed or offered.

(5) If any amount in excess of the rate of interest permitted by this Act is charged, contracted for, or received, except as the result of an accidental and bona fide error of computation, the contract of loan shall be voided as against public policy and the licensee shall forfeit to the borrower an amount equivalent to twice the amount borrowed. In addition, the licensee and the several members, officers, directors, agents and employees thereof who shall have violated or participated in such violation shall be guilty of a misdemeanor and upon conviction thereof shall be punishable by a fine of not more than One Thousand Dollars (\$1,000) and not less

than Five Hundred Dollars (\$500) or by confinement in the county jail for not more than six (6) months, or by both such fine and confinement.

In addition the borrower shall be entitled to recover reasonable attorney fees incurred by him in any legal action brought to enforce any rights or penalties provided in this Act, when he prevails in such suit."

The substitute for the pending amendment was read.

(Pending discussion of the substitute by Senator Creighton of the pending amendment by Senator Cole, Senator Moore occupied the Chair.)

(President in the Chair.)

Senator Cole moved to table the substitute by Senator Creighton.

Question on the motion to table. Yeas and Nays were demanded.

The motion to table prevailed by the following vote:

Yeas—18

Calhoun	Moore
Cole	Parkhouse
Crump	Ratliff
Dies	Reagan
Hall	Richter
Hardeman	Schwartz
Harrington	Spears
Hazlewood	Strong
Kennard	Watson

Nays—13

Aikin	Krueger
Bates	Moffett
Blanchard	Owen
Colson	Patman
Creighton	Rogers
Herring	Word
Kazen	

Senator Herring offered the following substitute for the pending amendment by Senator Cole as amended:

Amend the Committee Substitute for Senate Bill 15 by striking out sub-sub-sections (1) and (2) of sub-section (a) of section 17, on page 11, and substituting in lieu thereof the following; and renumbering the succeeding sub-sub-sections accordingly:

(a) Every licensee may contract for and receive on any loan of money not exceeding One Thousand Dollars (\$1,-

000.00) the following maximum authorized charges:

(1) Three per cent (3%) per month on any part of the unpaid principal balance up to, including, but not in excess of two hundred dollars (\$200.00).

(2) Two per cent (2%) per month on any part of the unpaid principal balance in excess of Two Hundred Dollars (\$200.00) up to, including, but not in excess of Five Hundred Dollars (\$500.00).

(3) One per cent (1%) per month on any part of the unpaid principal balance in excess of Five Hundred Dollars (\$500.00) up to, including, but not in excess of One Thousand Dollars (\$1,000.00).

(4) Such interest may be computed on unpaid principal balances actually outstanding from time to time or may be precomputed when the loan is made on principal balances scheduled to be outstanding under the payment schedule provided in the loan contract.

The substitute for the pending amendment was read.

Senator Owen offered the following amendment to the Herring substitute for the pending amendment by Senator Cole as amended:

Substitute the Cole amendment by amending S. B. No. 15, Sec. 17 by deleting all of said section and substitute in lieu therefor the following:

**Sec. 17. Maximum Interest Rates.**

a. Every licensee under this Act may contract for and receive on any cash advances the following maximum authorized charges.

(1) Three per cent (3%) of One Dollar and fifty cents (\$1.50) per month whichever is greater on the unpaid balance on loans up to, including, but not greater than Five Hundred Dollars (\$500).

(2) Any installment loan contract entered into under the provisions of this Act may be paid off in full at any time by the borrower and no charges or penalties may be made against said borrower for any interest not yet accrued under the provisions of this Act.

(3) No licensee shall induce or permit any person, or husband and wife, to be obligated, directly or indirectly, under more than one (1) loan contract under this Act at the same time for the purpose, or with the effect, of obtaining a higher authorized charge

than would otherwise be permitted by this Act; but such limitation shall not apply to the acquisition by purchase of bona fide obligations of the borrower incurred for goods or services, and provided further, if a licensee purchases all or substantially all the loan contracts of another licensee hereunder and has at the time of purchase loan contracts with one (1) or more of the borrowers whose loans are purchased, the purchaser shall be entitled to collect principal and authorized charges thereon according to the terms of each loan contract.

(4) In addition to the authorized charges provided in this Act no further or other charge or amount whatsoever shall be directly, or indirectly, charged, contracted for, or received. This includes (but is not limited by) all charges such as fees, insurance premiums or charges, compensation, bonuses, commissions, brokerage, discounts, expenses and every other charge of any nature whatsoever, whether of the types listed herein or not. Without limitation of the foregoing, such charges may be any form of costs or compensation whether contracted for or not, received by the licensee, or any other person, in connection with (1) the investigating, arranging, negotiating, procuring, guaranteeing, making, servicing, collecting or enforcing of a loan; or (2) for the forbearance of money, credit, goods or things in action; or (3) for any other service or services performed or offered.

(5) If any amount in excess of the rate of interest permitted by this Act is charged, contracted for or received, except as the result of an accidental and bona fide error of computation, the contract of loan shall be void as against public policy and the licensee shall forfeit to the borrower an amount equivalent to twice the amount borrowed. In addition, the licensee and the several members, officers, directors, agents and employees thereof who shall have violated or participated in such violation shall be guilty of a misdemeanor and upon conviction thereof shall be punishable by a fine of not more than One Thousand Dollars (\$1,000) and not less than Five Hundred Dollars (\$500) or by confinement in the county jail for not more than six (6) months, or by both such fine and confinement.

"In addition the borrower shall be entitled to recover reasonable attor-

ney fees incurred by him in any legal action brought to enforce any rights or penalties provided in this Act, when he prevails in such suit."

The amendment to the substitute by Senator Herring for the pending amendment by Senator Cole was read.

Senator Cole moved to table the amendment by Senator Owen to the substitute by Senator Herring for the amendment by Senator Cole as amended.

Question on the motion to table, yeas and nays were demanded.

The motion to table prevailed by the following vote:

## Yeas—17

Calhoun	Parkhouse
Cole	Ratliff
Crump	Reagan
Hall	Richter
Hardeman	Schwartz
Harrington	Spears
Hazlewood	Strong
Kennard	Watson
Moore	

## Nays—14

Aikin	Kazen
Bates	Krueger
Blanchard	Moffett
Colson	Owen
Creighton	Patman
Dies	Rogers
Herring	Word

Senator Cole then moved to table the substitute by Senator Herring for the amendment by Senator Cole as amended.

The motion to table prevailed by the following vote:

## Yeas—17

Calhoun	Parkhouse
Cole	Ratliff
Crump	Reagan
Hall	Richter
Hardeman	Schwartz
Harrington	Spears
Hazlewood	Strong
Kennard	Watson
Moore	

## Nays—14

Aikin	Colson
Bates	Creighton
Blanchard	Dies

Herring  
Kazen  
Krueger  
Moffett

Owen  
Patman  
Rogers  
Word

Senator Strong offered the following substitute for the pending amendment by Senator Cole as amended:

Amend the committee substitute for Senate Bill No. 15 as follows:

(1) Strike out the word and figures, "Three Thousand Dollars (\$3000)," as they appear in the following places: Line 19 of page 1, Line 7 of page 3, Line 57 of page 8 and substitute in lieu thereof the words and figures, "Fifteen Hundred Dollars (\$1500)."

(2) Strike out the language in Sub-sub-section (1) of Sub-section (a) of Section 17 and substitute in lieu thereof the following: Nineteen Dollars (\$19.00) per One Hundred Dollars (\$100.00) per annum on that part of the cash advance not in excess of One Hundred Dollars (\$100.00); Sixteen Dollars (\$16.00) per One Hundred Dollars (\$100.00) per annum on that part of the cash advance in excess of One Hundred Dollars (\$100.00) but not in excess of Two Hundred Dollars (\$200.00); Thirteen Dollars (\$13.00) per One Hundred Dollars (\$100.00) per annum on that part of the cash advance in excess of Two Hundred Dollars (\$200.00) but not in excess of Three Hundred Dollars (\$300.00); Eleven Dollars (\$11.00) per One Hundred Dollars (\$100.00) per annum on that part of the cash advance in excess of Three Hundred Dollars (\$300.00) but not in excess of Five Hundred Dollars (\$500.00); Nine Dollars (\$9.00) per One Hundred Dollars (\$100.00) on that part of the cash advance in excess of Five Hundred Dollars (\$500.00) but not in excess of One Thousand Dollars (\$1000.00); Seven Dollars (\$7.00) per One Hundred Dollars (\$100.00) per annum on that part of the cash advance in excess of One Thousand Dollars (\$1000.00) but not in excess of Fifteen Hundred Dollars (\$1500.00).

The substitute was read.

Senator Reagan moved to table the substitute for the amendment by Senator Cole as amended.

Question on the motion to table, yeas and nays were demanded.

The motion to table was lost by the following vote:

## Yeas—13

Cole	Parkhouse
Crump	Ratliff
Hardeman	Reagan
Harrington	Schwartz
Hazlewood	Spears
Kennard	Watson
Moore	

## Nays—18

Aikin	Kazen
Bates	Krueger
Blanchard	Moffett
Calhoun	Owen
Colson	Patman
Creighton	Richter
Dies	Rogers
Hall	Strong
Herring	Word

Question recurring on the substitute by Senator Strong for the amendment by Senator Cole as amended, the substitute was adopted.

The amendment by Senator Cole as amended and substituted was then adopted.

## Record of Votes

Senators Parkhouse and Reagan asked to be recorded as voting "Nay" on the motion to adopt the substitute by Senator Strong for the amendment by Senator Cole.

Senator Herring offered the following amendment to the bill:

Amend Section 17(a)(5), line 9, page 12 by striking out the words "Five Cents (5c)" and substitute in lieu thereof the words "Two Cents (2c)."

The amendment was read.

Senator Spears offered the following substitute for the pending amendment by Senator Herring:

Amend Committee Substitute for S. B. No. 15 by striking out the words "five cents (5c)" on line 9, page 12, Section 17(a)(5) thereof and inserting in lieu thereof the words "three cents (3c)."

The substitute for the pending amendment was adopted.

The amendment by Senator Herring as substituted was then adopted.

Senator Spears offered the following amendment to the bill:

Amend committee substitute for S. B. No. 15 by adding the following new sentence to Section 17 (a) (9) thereof, the new sentence to be added as the last sentence of said section, following the period on line 39, page 13, such new sentence to read as follows:

"In addition, the borrower shall be entitled to recover reasonable attorneys fees incurred by him in any legal action brought to enforce any rights or penalties provided in this Act, when he prevails in such suit and such attorneys fees shall be taxed as costs in such suit."

The amendment was read and was adopted.

Senator Calhoun offered the following amendment to the bill:

Amend committee substitute for S. B. No. 15, Section 17(b), line 46, page 13, by adding the following words after the word "advanced": "in excess of twenty dollars (\$20.00)."

The amendment was read.

Senator Kennard offered the following substitute for the pending amendment by Senator Calhoun:

Amend the committee substitute for Senate Bill No. 15 by striking out subsection (b) of Section 17, on page 13.

The substitute was read.

Senator Calhoun moved to table the substitute by Senator Kennard.

Question on the motion to table, yeas and nays were demanded.

The motion to table prevailed by the following vote:

## Yeas—24

Aikin	Kazen
Bates	Krueger
Blanchard	Moffett
Calhoun	Moore
Colson	Owen
Crump	Ratliff
Dies	Reagan
Hall	Richter
Hardeman	Rogers
Harrington	Schwartz
Hazlewood	Strong
Herring	Word

## Nays—7

Cole	Patman
Creighton	Spears
Kennard	Watson
Parkhouse	

Question recurring on the amendment by Senator Calhoun, the amendment was adopted.

## Record of Vote

Senator Patman asked to be recorded as voting "Nay" on the adoption of the amendment by Senator Calhoun.

Senator Herring offered the following amendment to the bill:

Amend the committee substitute for Senate Bill No. 15 by striking subsection (d) of Section 18 on page 15 and substituting in lieu thereof the following:

(d) A licensee may require a borrower to purchase property insurance on the reasonable value of any property securing the loan, or credit insurance on the life or disability of the borrower, without including the charges therefor in the interest covered by the maximum rate schedule herein, if, and only if, all the following conditions are met:

(1) The licensee obtains no compensation or benefit, and obtains no right to compensation or benefit, directly or indirectly, from the insurance transaction except the insurance security for the loan. Among the types of facts (but not limited thereto) which shall establish a violation of this subsection are included the following, each of which shall be sufficient, of itself, to establish such a violation.

(a) Where the licensee owns an interest or has a management right in the insurer, insurance agent or insurance broker participating in the transaction.

(b) Where the insurer, insurance agent or insurance broker participating in the transaction has an interest or has a management right in the licensee.

(c) Where the licensee has entered a reinsurance agreement, a financing agreement, or any other agreement with the insurer within a period of four years before and four years after such purchase of insurance.

(d) In Section 18, the words, "licensee," "insurer," "insurance agent"

and "insurance broker," shall be deemed to include also each person, firm and corporation which owns any interest in the licensee, insurer, insurance agent or insurance broker, or in which the licensee, insurer, insurance agent or insurance broker holds any interest, or which is as much as ten per cent (10%) commonly owned with the licensee, insurer, insurance agent or insurance broker, by a third person, firm, corporation or group of persons acting in concert, and shall further be deemed to include each agent, employee, officer or director of either of the aforesaid and each dependent of either of the aforesaid, and each person related to either of the aforesaid by consanguinity of the first, second or third degree.

(2) The licensee does not by any method, directly or indirectly, encourage or require the purchase of such insurance from the insurer nor through any agent or other person, firm or corporation designated or indicated by the licensee.

(3) If the Commissioner shall find, after a hearing, that the encouragement or requirement of insurance by a licensee in connection with loans tends to conceal or facilitate violation or evasion of this act or that the expense to the borrower of the insurance thus provided does not bear a reasonable relation to the protection afforded thereby to lender and/or borrower, the Commissioner shall order such licensee to desist from the encouragement or requirement of the offending practice, and shall prepare and publish an order denying to all licensees such practice or the use of such policies.

The amendment was read.

Senator Spears offered the following substitute for the pending amendment by Senator Herring:

Amend Committee Substitute for S. B. 15 by striking therefrom all of Section 18 and substituting in lieu thereof the following.

## Section 18. Insurance.

(a) A licensee may require, as additional security for any loan, credit life insurance and credit health and accident insurance on a borrower under a group or individual policy subject to the following:

(1) The premium or identifiable charge collected from the borrower for such insurance shall not exceed an



amount equal to the maximum premium rates fixed by the State Board of Insurance under the article of the Insurance Code of Texas which defines credit life insurance and credit health and accident insurance and provides the State Board of Insurance shall make and file the schedule of reasonable and adequate maximum premium rates which may be charged by insurers on such insurance; nor in any event, shall the amount charged to the borrower by the licensee for such insurance exceed the amount of the premium paid to the insurer by the licensee for such insurance, as computed at the time the charge to the borrower is determined;

(2) The terms, provisions, coverage and form of any such insurance whether under a group or individual policy shall satisfy all requirements of such article and any lawful rules, regulations or orders made by the State Board of Insurance under such articles;

(3) The maximum premium rates fixed by the State Board of Insurance and the other requirements of such article shall apply to insurance required in connection with loans exceeding One Thousand Dollars (\$1,000) with the same force it applies to insurance required in connection with loans of One Thousand Dollars (\$1,000) and less;

(4) If such article of the Insurance Code is amended or repealed or a similar statute is enacted under which the State Board of Insurance is required to or may fix or approve maximum premium rates for credit life insurance and credit health and accident insurance, the premium or identifiable charge collected from the borrower for such insurance shall not exceed the maximum premium rate so fixed or approved; nor in any event, shall the amount charged to the borrower by the licensee for such insurance, exceed the amount of premium paid to the insurer by the licensee for such insurance as computed at the time the charges to the borrower is determined;

(5) Such insurance shall be written and sold in accordance with the provisions of the Insurance Code of Texas which apply to group policies or the provisions of the Insurance Code of Texas which apply to individual policies; provided, however, that the maximum premium rates charged a borrower by a licensee in connection with loans made under this Act for credit insurance on which such rates

and/or compensation by commissions are not limited by law or fixed by the State Board of Insurance shall never exceed the maximum premium charges and/or commissions fixed by the State Board of Insurance for the sale of individual credit insurance policies with the same coverage.

(6) Any such insurance required under Section 18 shall be written for a time not to excess of one month beyond the term of the loan contract. The initial amount of credit life insurance whether written on a group or individual policy shall not exceed the total amount repayable under the contract of indebtedness and, where an indebtedness is repayable in substantially equal installments, the amount of insurance shall at no time exceed the scheduled or actual amount of unpaid indebtedness, whichever is greater. The total amount of indemnity payable by credit accident and health insurance whether written on a group or individual policy in the event of disability, as defined in the policy, shall not exceed the total amount repayable under the contract of indebtedness; and the amount of each periodic indemnity payment shall not exceed the scheduled periodic installment payment on the indebtedness;

(7) Only one policy of life insurance and one policy of health and accident insurance may be in force with respect to any one loan contract at one time;

(b) A licensee may, in addition, require a borrower, on loans with a cash advance in excess of Three Hundred Dollars (\$300), to insure tangible personal property, when offered as security for a loan, against any substantial risk or loss, damage or destruction for an amount not to exceed the actual value of such property, and for a term and on conditions which are reasonable and appropriate considering the nature of the property and the maturity and other circumstances of the loan contract, in accordance with provisions of this subsection. Insurance on tangible personal property other than motor vehicles and trailers, which secures a loan as authorized by this subsection, shall include those coverages promulgated by the State Board of Insurance for fire and extended coverage on such property, and the total aggregate premiums for such insurance shall not exceed the maximum premiums promulgated by the State Board of Insurance for such fire and

extended coverage insurance on such property. Insurance on motor vehicles and trailers securing a loan, as authorized by this subsection, shall be written only for the standard coverages promulgated by the State Board of Insurance for such motor vehicles and trailers and at premiums which do not exceed the maximum premiums promulgated by the State Board of Insurance for such standard coverages on such motor vehicles and trailers; provided, however, that as to coverage and insurers specifically so authorized in advance by the Commissioner, such insurance may be written at filed rates in excess of such rates promulgated by the State Board of Insurance only where the licensee, its officers, agents or employees, receive no benefit or compensation whatsoever, either directly or indirectly, from such insurance, other than in payment of losses claimed to the property which was security for the loan.

(c) When insurance is written under this Section, the licensee shall deliver, or cause to be delivered, to the borrower within thirty (30) days from the date of the loan contract, a certificate or other memorandum showing the coverages and the cost of such insurance, if any, to the borrower, the total commission and/or compensation received or to be received by the licensee, or any agent, officer, director, or employer, the name of the insuring company and the policy number.

(d) In accepting insurance provided by this Section as security for a loan, the licensee, its officers, agents, or employees may deduct the premiums or identifiable charges for such insurance from the proceeds of the loan, which premiums or identifiable charges shall not exceed those authorized by this Section, and pay such premiums to the insurance company writing such insurance. Any gain or advantage, to the licensee, or any employee, officer, director, agent, general agent, affiliate or associate from such insurance or its provisions or sale shall not be considered as additional interest or further charge in connection with any loan made under this Act except as specifically provided herein; provided, however, that the total compensation in any form received by the lender, directly or indirectly from the insurer, other than benefits in payment of losses, claimed, shall not exceed the following:

((1)) As to any credit insurance on which such compensation is not

limited by law, an amount equal to the maximum rate fixed by the State Board of Insurance for commissions for the sale of individual credit insurance policies;

((2)) As to any property or other insurance on which such compensation is not limited by law, an amount equal to the maximum rate allowed by the State Board of Insurance for commissions for the sale of fire insurance.

((3)) Arranging for, and collecting an identifiable charge shall not be deemed a sale of insurance.

(e) No insurance shall be written under this Section by a company which is not authorized to conduct such business in this State. The licensee shall not by any method, directly or indirectly, encourage or require the purchase of insurance from an agent or broker designated by the licensee, nor shall the licensee decline existing coverages or substantially similar benefits that comply with the provisions of this section. In the event of any violation of this section by a licensee, or should any additional charge be made for insurance other than that authorized in this Section, all charges made for insurance shall be deemed as interest, and this provision is supplemental to and not exclusive of all other remedies and penalties hereunder.

(f) In Sections 17 and 18, the words, "licensee," "insurer," "insurance agent" and "insurance broker," shall be deemed to include also each person, firm and corporation which owns any interest in the licensee, insurer, insurance agent or insurance broker, or in which the licensee, insurer, insurance agent or insurance broker holds any interest, or which is as much as ten per cent commonly owned with the licensee, insurer, insurance agent or insurance broker, by a third person, firm, corporation or group of persons acting in concert, and shall further be deemed to include each agent, employee, officer or director of either of the aforesaid and each dependent of either of the aforesaid, and each person related to either of the aforesaid by consanguinity in the first, second or third degree.

(g) If the Commissioner shall find, after a hearing, that the encouragement or requirement of insurance by a licensee in connection with loans tends to conceal or facilitate violation or evasion of this Act or that the expense to the borrower of the insurance thus provided does not bear a

reasonable relation to the protection afforded thereby to lender and/or borrower, the Commissioner shall order such licensee to desist from the encouragement or requirement of the offending practice, and shall prepare and publish an order denying to all licensees such practice or the use of such policies.

The amendment was read.

Question—Shall the substitute by Senator Spears for the amendment by Senator Herring be adopted?

#### Motion to Adjourn

Senator Moffett moved that the Senate take recess until 10:30 o'clock a.m. tomorrow.

Senator Owen moved that the Senate stand adjourned until 10:00 o'clock a.m. tomorrow.

Question first on the motion to adjourn, yeas and nays were demanded.

The motion to adjourn until 10:30 o'clock a.m. tomorrow was lost by the following vote:

#### Yeas—7

Blanchard	Kazen
Creighton	Owen
Dies	Rogers
Herring	

#### Nays—23

Aikin	Moore
Bates	Parkhouse
Calhoun	Patman
Cole	Ratliff
Colson	Reagan
Crump	Richter
Hall	Schwartz
Harrington	Spears
Hazlewood	Strong
Kennard	Watson
Krueger	Word
Moffett	

#### Absent

Hardeman

Question next on the motion to recess until 10:00 o'clock a.m. tomorrow, yeas and nays were demanded.

The motion to recess was lost by the following vote:

#### Yeas—14

Aikin	Blanchard
Bates	Colson

Creighton	Moffett
Dies	Owen
Hall	Richter
Kazen	Rogers
Krueger	Word

#### Nays—17

Calhoun	Parkhouse
Cole	Patman
Crump	Ratliff
Hardeman	Reagan
Harrington	Schwartz
Hazlewood	Spears
Herring	Strong
Kennard	Watson
Moore	

#### Committee Substitute Senate Bill 15 on Second Reading

The Senate resumed the consideration of the pending business, same being C. S. S. B. 15 on second reading with an amendment by Senator Herring and a substitute by Senator Spears for the amendment pending.

Question—Shall the substitute by Senator Spears for the amendment by Senator Herring be adopted?

Senator Dies offered the following amendment to the substitute by Senator Spears for the pending amendment by Senator Herring:

Amend the Spears substitute to S. B. 15:

Amend by deleting Section (a) from Section 18 and substituting therefor the following: "No licensee may require the purchase of insurance as a prerequisite to the obtaining of a loan but should the borrower wish voluntarily to purchase insurance the following regulations shall apply.

The amendment was read.

Senator Spears moved to table the amendment by Senator Dies.

Question on the motion to table, yeas and nays were demanded.

The amendment was tabled by the following vote:

#### Yeas—16

Mr. President	Hazlewood
Blanchard	Kennard
Calhoun	Moore
Cole	Parkhouse
Crump	Ratliff
Hall	Reagan

Richter  
Schwartz

Spears  
Watson

## Nays—15

Aikin	Krueger
Bates	Moffett
Colson	Owen
Creighton	Patman
Dies	Rogers
Harrington	Strong
Herring	Word
Kazen	

## Absent

Hardeman

The President announced he voted yea.

Senator Owen offered the following amendment to the substitute by Senator Spears for the pending amendment by Senator Herring:

Amend Spears amendment as follows:

S. B. No. 15, Section 18, Page 4, line 9 of the printed bill, by striking out the word "not" following the word "shall" and preceding the word "be."

The amendment was read.

Senator Spears moved to table the amendment by Senator Owen to the substitute by Senator Spears for the pending amendment by Senator Herring.

Question on the motion to table, yeas and nays were demanded.

The motion to table prevailed by the following vote:

## Yeas—17

Blanchard	Parkhouse
Calhoun	Ratliff
Cole	Reagan
Creighton	Richter
Crump	Schwartz
Hall	Spears
Hazlewood	Strong
Kennard	Watson
Moore	

## Nays—13

Aikin	Krueger
Bates	Moffett
Colson	Owen
Dies	Patman
Harrington	Rogers
Herring	Word
Kazen	

## Absent

Hardeman

Senator Herring then moved to table the substitute by Senator Spears.

Question on the motion to table, yeas and nays were demanded.

The motion to table was lost by the following vote:

## Yeas—13

Aikin	Krueger
Bates	Moffett
Colson	Owen
Creighton	Patman
Dies	Rogers
Herring	Word
Kazen	

## Nays—18

Blanchard	Moore
Calhoun	Parkhouse
Cole	Ratliff
Crump	Reagan
Hall	Richter
Hardeman	Schwartz
Harrington	Spears
Hazlewood	Strong
Kennard	Watson

Question recurring on the substitute by Senator Spears for the amendment by Senator Herring, the substitute was adopted.

## Record of Votes

Senators Herring, Krueger, Owen and Bates asked to be recorded as voting "Nay" on the adoption of the substitute by Senator Spears.

The amendment by Senator Herring as substituted was then adopted.

## Record of Votes

Senators Herring, Owen, Krueger, Kazen, Patman and Bates asked to be recorded as voting "Nay" on the adoption of the amendment by Senator Herring as substituted.

Senator Moore moved the previous question on the passage of C. S. S. B. No. 15 to engrossment and the motion was duly seconded.

Question—Shall the previous question now be ordered?

The previous question failed to be ordered by the following vote:

## Yeas—12

Cole	Moore
Crump	Parkhouse
Hall	Ratliff
Hardeman	Reagan
Harrington	Spears
Hazlewood	Watson

## Nays—19

Aikin	Krueger
Bates	Moffett
Blanchard	Owen
Calhoun	Patman
Colson	Richter
Creighton	Rogers
Dies	Schwartz
Herring	Strong
Kazen	Word
Kennard	

Senator Hazlewood offered the following amendment to the bill:

Amend committee substitute for Senate Bill No. 15 by deleting paragraph 15(b) of Section 6 thereof and substituting in lieu thereof the following:

"Sec. 6.

15(b) The provisions of this Act shall not apply to any bona fide cash or credit sale transaction or any contract or obligation arising from or acquired as a result thereof."

The amendment was read and was adopted.

Question—Shall C. S. S. B. No. 15 be passed to engrossment?

## House Bill 57 Re-referred

On motion of Senator Aikin and by unanimous consent H. B. No. 57 was withdrawn from the Committee on State Affairs and re-referred to the Committee on Jurisprudence.

## Welcome and Congratulatory Resolutions

S. R. No. 299—By Senator Parkhouse: Extending welcome to students and sponsors of Saint Mark's School of Dallas.

S. R. No. 300 — By Senator Schwartz—Extending congratulations to Mrs. Howard P. Broderson of La Marque on being named "Teacher of the Year" by the San Jacinto District of Texas Federation of Women's Clubs.

S. R. No. 301—By Senator Parkhouse: Extending welcome to students and teachers of Richardson Independent School District.

S. R. No. 302—By Senator Watson: Extending welcome to the West High School Basketball Team for winning Class AA, State Basketball Championship.

S. R. No. 303—By Senator Kazen: Extending welcome to students, teachers and sponsors of Mary Help of Christianna School of Laredo.

S. R. No. 305—By Senator Blanchard: Extending welcome to Mr. and Mrs. Harold Hollister and children of Andrews.

S. R. No. 306—By Senator Aikin: Extending welcome to the Honorable Jim Lindsey of Texarkana, former Speaker of the House of Representatives.

S. R. No. 307—By Senator Herring: Extending welcome to students and teachers of University Junior High School of Austin.

S. R. No. 308—By Senator Crump: Extending welcome to students and teacher of Junior High Class of Brownwood Seventh-Day Adventist School.

## Recess

Senator Spears moved that the Senate stand recessed until 10:00 o'clock a.m. tomorrow.

Senator Owen moved that the Senate stand adjourned until 10:00 o'clock a.m. tomorrow.

Question first on the motion to adjourn until 10:00 o'clock a.m. tomorrow, Yeas and Nays were demanded.

The motion was lost by the following vote:

## Yeas—6

Bates	Krueger
Creighton	Owen
Herring	Rogers

## Nays—25

Aikin	Hall
Blanchard	Hardeman
Calhoun	Harrington
Cole	Hazlewood
Colson	Kazen
Crump	Kennard
Dies	Moffett

Moore	Schwartz
Parkhouse	Spears
Patman	Strong
Ratliff	Watson
Reagan	Word
Richter	

Question next on the motion to recess until 10:00 o'clock a.m. tomorrow, the motion prevailed by the following vote:

## Yeas—20

Aikin	Kennard
Bates	Krueger
Blanchard	Moffett
Colson	Owen
Creighton	Parkhouse
Dies	Ratliff
Hall	Richter
Hardeman	Rogers
Herring	Spears
Kazen	Word

## Nays—11

Calhoun	Patman
Cole	Reagan
Crump	Schwartz
Harrington	Strong
Hazlewood	Watson
Moore	

Accordingly, the Senate at 6:00 o'clock p.m. took recess until 10:00 o'clock a.m. tomorrow.

## FORTY-THIRD DAY

(Continued)

(Tuesday, March 26, 1963)

## After Recess

The Senate met at 10:00 o'clock a.m., and was called to order by the President.

Committee Substitute  
Senate Bill 15 on Second Reading

The President laid before the Senate as pending business C. S. S. B. No. 15 on its second reading (The bill having been read the second time on yesterday).

Question—Shall C. S. S. B. No. 15 be passed to engrossment?

Senator Bates offered the following amendment to the bill:

Amend Senate Bill No. 15 by adding the following to Section 16, numbering this Amendment as Section 17

and renumbering all following Sections accordingly:

## Section 17:

Residential. No person who is not a citizen of the State of Texas shall be eligible to receive a license under this Act. No license shall be issued to a corporation unless the same be incorporated under the laws of this State and at least fifty-one (51%) per cent of the stock of the corporation is owned at all times by citizens of the State of Texas and who possess the qualifications required of other applicants for license; provided, however, that the restrictions contained in the preceding clause shall not apply to domestic corporations, or to foreign corporations which were doing business in this State under charter or license prior to January 8, 1963. Partnerships, firms, and associations applying for licenses shall be composed wholly of citizens possessing the qualifications above enumerated. Any corporation holding a license under this Act which shall violate any provisions hereof, or any rule or regulation promulgated hereunder, shall be subject to forfeiture of its license and it shall be the duty of the Attorney General, when any such violation is called to his attention, to file suit for such cancellation in a district court in Travis County.

The amendment was read.

Senator Cole moved to table the amendment.

The motion to table was lost.

Question recurring on the amendment by Senator Bates, yeas and nays were demanded.

The amendment was adopted by the following vote:

## Yeas—17

Aikin	Moffett
Bates	Owen
Blanchard	Patman
Colson	Rogers
Creighton	Schwartz
Dies	Spears
Hall	Strong
Kazen	Word
Krueger	

## Nays—13

Calhoun	Hazlewood
Cole	Herring
Crump	Kennard
Hardeman	Parkhouse
Harrington	Ratliff